



**METROPOLITAN  
TRANSPORTATION  
COMMISSION**

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## *Memorandum*

Agenda Item 2b

TO: Operations Committee

DATE: December 5, 2014

FR: Executive Director

W.I. 310-2700, 320-1221

RE: Clipper® Program Contract Actions

- i. Contract Change Order Amendment – Clipper® Cards: Cubic Transportation Systems, Inc. (\$1,500,000)
- ii. Contract Change Order – Modification of San Francisco Municipal Transportation Agency Business Rules: Cubic Transportation Systems, Inc. (\$130,000)

Attachment 1 includes information about current Clipper® system operations.

### **Contract Actions**

Staff recommends that the Operations Committee authorize the Executive Director or his designee to negotiate and enter into the following contract actions:

- i. Contract Change Order Amendment – Clipper® Cards: Cubic Transportation Systems, Inc. (\$1,500,000)**

In November 2013, this Committee approved a budget for Clipper® card procurement of \$2 million, which has enabled procurement of 800,000 cards including 100,000 Senior and 100,000 Regional Transit Connection Clipper® cards. Over the next year, the program expects to issue about 600,000 regular cards, which will cost approximately \$1.5 million.

Since its inception, the program has issued nearly 4 million cards. Demand for cards in 2014 has stayed consistent with 2013 levels, with the program issuing around 50,000 new cards each month. Initiatives driving card demand are institutional programs such as the Santa Clara Valley Transportation Authority Eco Pass and San Francisco Municipal Transportation Agency's Free Muni for Youth, both of which distribute thousands of cards each month. The Clipper® program partially offsets the cost of card procurement by charging most customers a \$3 card acquisition fee (the fee is waived for youths, seniors, Autoload customers, and employer program customers). Card fees collected in prior years have been used to fund card purchases and Clipper® program card-related expenses. Staff forecasts that this card acquisition



fee will generate about \$1,000,000 in revenue in fiscal year 2014-15, which will be used to fund future card procurements.

Staff recommends that the Operations Committee authorize the Executive Director or his designee to negotiate and enter into one or more contract change orders or change order amendments with Cubic Transportation Systems, Inc. (Cubic) in the amount not to exceed \$1,500,000 for procurement of Clipper<sup>®</sup> cards.

**ii. Contract Change Order - Modification of San Francisco Municipal Transportation Agency Business Rules: Cubic Transportation Systems, Inc. (\$130,000)**

Several participating Clipper<sup>®</sup> transit agencies are pursuing simplification of their business rules. In order to provide a consistent and predictable experience for its riders, the San Francisco Municipal Transportation Agency (SFMTA) has decided to implement the same transfer discount for all inter-agency transfers to Muni and to eliminate the Caltrain+Muni product. Under the proposed change order Cubic will implement these new transfers and remove the Caltrain+Muni product from the Clipper<sup>®</sup> system. The SFMTA will pay the costs of the change order through a Cooperative Agreement with MTC.

Staff recommends that the Operations Committee authorize the Executive Director or his designee to negotiate and enter into one or more contract change orders or change order amendments with Cubic in an amount not to exceed \$130,000 for the services described above.



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Steve Heminger

SH: JW:bg

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**Table 1: Summary of System Usage**

	Last Month October 2014	Prior Month September 2014	Prior Year October 2013
<b>Transaction Volume</b>			
Average Weekday Ridership <sup>1</sup>	784,065	779,348	697,941
Fee-Generating Transactions <sup>2</sup>	20,080,925	20,636,341	19,587,348
Unique Cards Used	810,300	787,783	692,476
Active Card Accounts	1,514,518	1,506,726	1,337,335
Settled Transit Operator Revenue	\$44,159,825	\$42,146,555	\$36,453,446
<b>Autoload Activity</b>			
Percent of Registered Cards with Autoload	36%	36%	37%
<b>Call Volume</b>			
Customer Service Representative (CSR) Calls	29,687	32,350	29,218
CSR Calls per Unique Card Used	0.04	0.04	0.04
<b>Website Traffic</b>			
Unique Visitors - Standard	143,423	149,173	137,933
Unique Visitors - Mobile	39,590	36,500	30,289
Website Visits - Standard	202,719	215,273	196,063
Website Visits - Mobile	66,452	59,926	49,176
Website Visits per Unique Card Used	0.33	0.35	0.35

**Notes on System Usage:**

Fee-generating transactions exceeded the 20-million mark in September, for a 4.2 percent increase from August. Average weekday ridership was up 8 percent, unique cards used increased 0.4 percent and active card accounts grew 1.6 percent. Settled transit operator revenue increased 5.8 percent.

Calls to customer service held relatively steady, and website usage dropped across the board: Unique visitors and total visits to the desktop site decreased 8.1 percent and 7.2 percent, respectively. Unique visitors and total visits to the mobile site decreased 10.5 percent and 6.1 percent, respectively. Website visits per unique card used also dropped, from 0.38 in August to 0.35 in September.

<sup>1</sup> Includes average daily number of boardings, including transfers but excluding some Caltrain monthly pass trips (Caltrain only requires monthly pass customers to tag their cards once at the beginning of each month).

<sup>2</sup> Includes single-tag fare payments, BART and Caltrain exits, Golden Gate Transit entries, add-value transactions, opt-out purse refunds and pass use, including institutional passes. Does not include transfers or transactions where fee value is \$0 (e.g., issuance of free cards, zero-value tags in dual-tag systems, etc.).



**Table 2: Monthly Market Penetration Rates**

	Monthly Clipper Boardings August 2014	Market Penetration Rate August 2014 <sup>3</sup>	Market Penetration Rate July 2014	Market Penetration Rate August 2013
AC Transit	1,558,538	31.6%	36.9%	30.2%
BART <sup>4</sup>	5,804,944	54.3%	55.2%	50.7%
Caltrain <sup>5</sup>	275,935	51.6%	58.2%	48.6%
Golden Gate Ferry	232,834	88.2%	87.3%	85.0%
Golden Gate Transit/Marin Transit	208,539	39.4%	41.3%	38.0%
SamTrans	367,658	32.2%	35.2%	33.1%
San Francisco Bay Ferry	50,083	24.5%	23.5%	20.7%
SFMTA	8,643,094	45.9%	44.6%	45.5%
VTA	1,234,790	34.1%	35.5%	25.3%

<sup>3</sup> MTC uses the National Transit Database (NTD) to calculate most market penetration rates. NTD is preparing to launch a new website and is still collecting data for August 2014. MTC will send out an updated Table 2 under separate cover as soon as data are available.

<sup>4</sup> Calculation of BART monthly market penetration is now calculated using monthly BART total exits by ticket type, which is equivalent to number of linked trips per month.

<sup>5</sup> Calculation of Caltrain market penetration assumes that monthly pass holders board Caltrain 1.75 times a day per weekday. Caltrain sold 14,938 calendar passes during the August 2014 pass vending window.





## Summary of Proposed Contract Change Order or Change Order Amendment

Work Item No.:	310-2700
Contractor:	Cubic Transportation Systems, Inc. (Cubic) San Diego, CA
Project Title:	Clipper® Cards
Purpose of Change Order:	Procure approximately 600,000 Clipper® cards for distribution to customers.
Brief Scope of Work:	Procure approximately 600,000 Clipper® cards from qualified suppliers and test the cards in accordance with the Clipper® Contract.
Project Cost Not to Exceed:	This Change Order: \$1,500,000 Total actual capital contract value including Change Orders prior to this Change Order: \$141,395,659 Total actual capital contract value with this Change Order: \$142,895,659 (this total does not include other December 12 contract approval actions).
Funding Source:	STP, CMAQ, STA, and Regional Measure 2 Capital
Fiscal Impact:	Funds included in the FY 2014-15 agency budget
Motion by Committee:	That the Executive Director or his designee is authorized to negotiate and enter into one or more Contract Change Orders or Change Order Amendments with Cubic for the purposes described herein and in the Executive Director's December 5, 2014 memorandum, and the Chief Financial Officer is authorized to set aside \$1,500,000 for one or more such Contract Change Orders or Change Order Amendments.
Operations Committee:	<hr/> Jake Mackenzie, Chair
Approved:	Date: December 12, 2014



## Summary of Proposed Contract Change Order or Change Order Amendment

Work Item No.:	310-2700
Contractor:	Cubic Transportation Systems, Inc. (Cubic) San Diego, CA
Project Title:	Modification of San Francisco Municipal Transportation Agency (SFMTA) Business Rules
Purpose of Change Order:	Modify the Clipper® fare payment system to implement new business rules for SFMTA.
Brief Scope of Work:	Implement a uniform transfer discount for all inter-agency transfers to Muni and eliminate the Caltrain+Muni product.
Project Cost Not to Exceed:	This Change Order: \$130,000 Total actual capital contract value including Change Orders prior to this Change Order: \$141,395,659 Total actual capital contract value with this Change Order: \$141,525,659 (this total does not include other December 12 contract approval actions).
Funding Source:	SFMTA Cooperative Agreement
Fiscal Impact:	Funds included in the FY 2014-15 agency budget
Motion by Committee:	That the Executive Director or his designee is authorized to negotiate and enter into one or more Contract Change Orders or Change Order Amendments with Cubic for the purposes described herein and in the Executive Director's December 5, 2014 memorandum, and the Chief Financial Officer is authorized to set aside \$130,000 for one or more such Contract Change Orders or Change Order Amendments.
Operations Committee:	<hr/> Jake Mackenzie, Chair
Approved:	Date: December 12, 2014

